



MINUTES

BOARD OF COMMISSIONERS BUDGET WORKSHOP MEETING APRIL 26, 2023 4:00 P.M.

The City of Madeira Beach Board of Commissioners held a budget workshop meeting at 4:00 p.m. on April 26, 2023, in the Patricia Shontz Commission Chambers at City Hall, located at 300 Municipal Drive, Madeira Beach, Florida.

MEMBERS PRESENT:

James "Jim" Rostek, Mayor
Ray Kerr, Vice Mayor/Commissioner District 2
David Tagliarini, Commissioner District 1
Eddie McGeehen, Commissioner District 3
Anne-Marie Brooks, Commissioner District 4

MEMBERS ABSENT:

CITY STAFF PRESENT:

Robin Gomez, City Manager
Clara VanBlargan, City Clerk
Thomas Trask, City Attorney

1. CALL TO ORDER

Mayor Rostek called the meeting to order at 4:00 p.m.

2. ROLL CALL

City Clerk Clara VanBlargan called the roll.

3. PUBLIC COMMENT

City Manager Robin Gomez said this was the first budget workshop for FY 2024; the next is scheduled for May 24, 2023. The budget workshops will be held monthly until the adoption of the budget in September. They need feedback from the Board of Commissioners on what staff must present and discuss in their budget. A proposed budget will be presented in July based on a proposed millage rate the Board decides.

The City's financial position is good. The revenues and expenditures have been doing quite well. The goal for next year is for expenditures not to exceed the revenues expected to receive. Ad valorem is the largest single source of revenue in the General Fund. That is determined by the millage rate adopted by the Board and the valuation that the Pinellas County Property Appraiser provides on all real and personal property within the corporate limits.

The City Manager explained that the increases in property taxes are due to economic conditions. Some people have been selling their property, and when no longer homesteaded, the property appraiser readjusted the value. When the preliminary valuation is received in May, he will have more definitive data at the next workshop, and the Board can decide the proposed millage rate.

The City Manager responded to questions and comments from the Board. He reviewed the budget material provided in the meeting agenda packet:

- General Fund Revenues Budget vs. Actual – 4-Year Comparison

Vice Mayor Kerr asked to show a year-to-date comparison between 2022 and 2023. Mr. Laflin said he could do that. Vice Mayor Kerr asked about a custom range. Mr. Laflin said they could pull those transactions manually and provide that. They could pick a month and compare 2022 and 2023 for that month.

- General Fund Expenditure Budget vs Actual – 4-Year Comparison
- Millage Rates – MB & Other Cities

Commissioner Tagliarini asked why the Redingtons were not included in the millage rate comparison list. The City Manager said it might be because they are smaller and do not provide the same level of service.

Mayor Rostek explained that he provided a handout to the Board based on Resolution 2019-01 the Board adopted, listing five cities referred to as peer cities to evaluate themselves against. The resolution also listed nine cities referred to as market competitors. The handout shows the millage rate for each of the five peer cities. Their population is similar to Madeira Beach except for the City of Gulfport because their population is a little higher. He spoke to South Pasadena and verified the millage rate because it appeared incorrect on the document in the packet. The 4.96 millage rate shown was for 2023 and not 2022. It was 4.24 for 2022. It was not a big issue. He wanted to make the Board aware that they have peer cities to which they can compare themselves.

The City Manager said the numbers provided for South Pasadena and the City of Dunedin came from the auditors. It is what is on file with the county. If 4.96 is an error, he could confirm that with them. The county website lists all taxing authorities in the county and their millage rate. They could incorporate data from those, including the Redingtons, although they are very small. Their millage rate is low and not comparable to Madeira Beach.

- City of Madeira Beach, Florida, Schedule 6 – Property Tax Rates, Direct and Overlapping Governments per \$1,000 of Assessed Valuation – Last 10 Years
- City of Madeira Beach, Florida, Schedule 8 – Property Tax Levies and Collections – Last 10 Years
- Ad Valorem Analysis – FY 2023

The City Manager explained that the millage rate has remained unchanged for the past three years.

Finance Director Andrew Laflin explained the comparison from 2.75 mills down to 2.50 mills and 2.25 mills. The City Manager said because the millage rate is already fairly low with very high values, it is not a gigantic change in the property tax bill, but a reduction is a reduction.

Commissioner Tagliarini asked if there were specific benchmarks the Board needed to look at. The residents would be happier if the millage rate were lower, but that would decrease revenue. The millage rate has been the same for a while, so he does not understand the need to change it. The City Manager said it was to show what the millage rate would look like if lowered. His recommendation would be to leave it as is. The property values would increase again; they have projects to complete and have received state funding to complete some of them.

Commissioner Tagliarini said City revenue is a benchmark they needed to consider. The City Manager said they also needed to look at what they are doing and looking to do. The millage rate is the largest revenue source but not a gigantic amount. Every year they look to provide salary increases to staff, and the benefits increase yearly, and inflation is still high. They are not the only ones seeing that. Everybody that lives here and owns a business is experiencing the same thing. The benchmark is the revenue they have, but due to the number of activities started, they would like to see those completed. They will still be above their reserves even if there is a change in the millage rate.

Commissioner Brooks understood they would be working on the City's comprehensive plan, and it would show what they needed long-term. The City Manager said the last update was 20 years ago. Beginning next month, he will meet with each commissioner separately to see what to include or not to include in the plan and bring that back at a workshop meeting before having multiple public meetings about it. They could hire a consultant, and that would have a financial impact. Vice Mayor Kerr said he would never want to lose an opportunity to discuss design standards, especially at John's Pass Village.

Following discussion, the consensus of the Board was to continue the 2.75 millage rate.

Mayor Rostek said he would like to see the numbers run to know the results of lowering it by 0.25 and 0.50 mills. Not to decide but to see what kind of position the City would be in and if they could still do the projects. He would think that is what the residents wanted. If not feasible to lower the millage rate, they would have the data to show that. The City Manager said it is in every year's budget, but they will highlight and focus on that at the next workshop.

Commissioner Tagliarini said his understanding is that with the current millage rate, they could continue funding the projects and any short-term projects they may have come up with and continue the services they need to provide.

4. TOPICS FOR DISCUSSION

A. Budget Workshop Materials

The City Manager reviewed the budget material provided in the meeting agenda packet:

- Proposed Dependent Coverage Health Insurance – Fiscal Year 2023

The City Manager showed a PowerPoint slide of the document provided in the agenda packet to show the costs if the Board should approve the budget to cover any costs related to dependent health coverage. Ten employees pay for dependent coverage 100%. The City does not contribute to any portion of any dependent care coverage. He does not know if the same ten will request dependent care again next year. The information can be used as a forecast for next year. The slide shows what the costs would be to the City. For dependent coverage, if contributing 25% it would be \$30,000, 50% would be \$61,000, 75% would be \$91,000, and 100% would be just over \$120,000. They do not yet know what, if any, increases would be for next year for benefits and how many employees will opt to add a spouse or dependent coverage next year. Some cities do contribute as much as 60% toward those costs.

Mayor Rostek asked why they were now bringing it up and had not already taken care of the employees and their families. The City Manager said he could only speak for last year. It came up later in the budget season, so they decided to discuss it in this budget season. He does not know why that never happened. It could be, but not sure, that employees are not contributing. The ones in the FRS contribute 3%, and those in a 401k plan do not contribute toward it. The City contributes 100% health insurance coverage to every City employee. The different Boards had different attitudes and different beliefs. The City was lacking, and it did not provide it for whatever reason. A couple of employees and the fire employees are in the FRS retirement plan, and they contribute 3% of their salary toward that.

Commissioner Tagliarini said the City makes all the contributions to the retirement plan but does not contribute anything to their family health care. He asked for documentation to show the comparison to see where they are in relation to peer cities, and other cities their size. He would like to think they are attracting the best possible employees by offering that kind of service to them. The City Manager said he would bring that back to the Board.

Commissioner Brooks asked if other cities pay for their employees' retirement. The City Manager said some do. In cities that have a pension plan, employees contribute to that. Commissioner Brooks said if they look at other cities and how they contribute to the employee's family, she would like to know all they provide. It would be good to see a comparison full circle of all that.

Commissioner Tagliarini said he would love to see comparing apples to apples.

Vice Mayor Kerr said they needed to look at the whole package, including hourly wages. They want to maintain and attract talent and support staff. The City Manager said they adjusted the salary for the lower-paid employees in the current budget. Their minimum wage is up to \$15 an hour because they struggled. Sanitation is up to \$18 an hour and \$19 an hour if you have a CDL. That increased based on the comparisons shown on how they were struggling.

Mr. Laflin showed a PowerPoint how the City's financial information is located on the City's website through the Aclarian financial software. They could see things like budget balances and

actual balances by Fund and department for the current and prior year. Vice Mayor Kerr asked if it would give a year-to-year comparison as of that date. Mr. Laflin explained it could, and he would provide a three-year comparative at the next budget workshop.

Mr. Laflin said the focus of the May workshop would be the five-year capital budget. According to the City charter, the City is responsible for providing and presenting a five-year capital improvement plan within 90 days before the fiscal year, which would be July 1. They want to get started on that now and get feedback from the Board by that date.

Commissioner Brooks agreed to keep the current 2.75 millage rate.

Commissioner McGeehen agreed with the current 2.75 millage rate if they can cover all their projects.

Mayor Rostek opened to public comment. There were no public comments.

5. ADJOURNMENT

Mayor Rostek adjourned the meeting at 5:05 p.m.

James “Jim” Rostek, Mayor

ATTEST:

Clara VanBlargan, MMC, MSM, City Clerk